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C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 006133

SIPDIS

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TAGS: [PTER](#) [EFIN](#) [KTFN](#) [PREL](#) [COUNTERTERRORISM](#)

SUBJECT: ISRAELI COUNTER-TERRORISM OFFICIALS MEET WITH
STAFFDEL RICKMAN

REF: A. TEL AVIV 04145

[1](#)B. TEL AVIV 05233

Classified By: Ambassador Richard H. Jones for reasons 1.4 (b) and (d).

[1](#)1. (C) SUMMARY: Israeli MFA and NSC officials briefed staffers from the U.S. House Subcommittee on Oversight and Investigations on the GOI's efforts against terrorism and terrorism finance. MFA officials stressed the importance of the U.S. role in urging European nations to designate Hizballah as a terrorist organization and to curb the financing of terrorism within their borders by shutting down Islamic charities involved in funding terrorism. They said Iran and Syria pose threats to the region's stability because of their continued support of Al-Qaeda, Hizballah, Hamas and Palestinian Islamic Jihad (PIJ). MFA officials also criticized the Palestinian Authority's (PA's) lack of will to fight terrorism finance, and its weak financial system, which lacks regulatory powers. An NSC official cautioned that Saudi Arabia continues to support terrorist networks through different charities and that numerous financial institutions in the United Arab Emirates (UAE) also provide a springboard for transfer of money to various terror networks around the world. He indicated that the GOI is working with the PA to set up an alternate social support infrastructure to the one operated by Hamas, in order to undermine Hamas efforts to gain political favor among Palestinians. END SUMMARY.

MFA: Iran and Syria Still Supporting Terrorist Groups

[1](#)2. (C) On October 9, staffers from the Subcommittee on Oversight and Investigations of the House International Relations Committee (HIRC) -- Gregg Rickman, Greg McCarthy, David Killion, and Cliff Stammerman -- accompanied by econoff, met with the MFA's Director of Nonproliferation and Counterterrorism, Yehuda Yaakov. Yaakov was accompanied by his deputy, Joseph Moustaki, Principal Deputy Legal Adviser Daniel Taub, and Ismail Khaldi from the ministry's North American Division.

[1](#)3. (C) Taub told the Rickman delegation that the current legislation used by the GOI in its counterterrorism efforts, such as the British Defense (Emergency) Regulations and the Prevention of Terrorism Ordinance, dates back to the time of the British Mandate. He indicated that the GOI's legislation against terrorism finance includes the Prohibition on Money Laundering Law (PMLL) of 2000. Pursuant to this Act, the Ministry of Justice created in 2002 the Financial Investigative Unit (FIU), now called the Israel Money Laundering and Terror Financing Prohibition Authority (IMPA), which is responsible for combating terrorism finance and money-laundering (REF A).

[1](#)4. (C) Taub characterized the GOI's efforts against terrorism and terrorism finance in the international arena as effective. He remarked that the GOI is signatory to eight out of 13 global conventions on terrorism and that the GOI advocates a treaty, or other form of international agreement, to address suicide bombing. He underscored the importance of vigilance regarding these issues, and said that nations that have previously been critical of Israel's approach to terrorism have begun making overtures to tap Israel's knowledge and expertise.

[1](#)5. (C) Yaakov said that Europe cannot afford to be complacent and that European political will and efforts to implement measures against terrorism are vital. He added that state sponsors of terrorism such as Iran and Syria must be marginalized because their support for Hizballah, Hamas, Palestinian Islamic Jihad (PIJ), Al-Qaeda, and others allow these groups to develop an "independent capability." This allows these terror groups to function without the support of sponsors. He said Hizballah has an independent capability because it is involved in fundraising in places like North America, Canada, Africa, and South America.

[1](#)6. (C) Yaakov said Britain and France are not taking effective steps to curb the activities of Islamic charities such as INTERPAL in Britain and CDSP in France, which he claimed are involved in terrorism finance. He said these two organizations have not been outlawed and continue to function. He also added that the GOI knows which Islamic charities are involved in funding terrorism. He indicated

that when one charity is shut down, another one pops up, and cited Germany, the Netherlands, and Denmark as examples of countries that have experienced this phenomenon.

17. (C) Yaakov said terrorist groups in the Middle East function much like proxy powers in a polarized world. Iran and Syria support terror organizations in places like Iraq, Lebanon, and the Palestinian territories, which allows these state sponsors of terrorism to project their power in the region. Iran and Syria in particular exert influence through terrorist networks that seek to affect events by killing and inflicting damage to civil infrastructure.

18. (C) Yaakov said the Palestinian Authority (PA) lacks the ability to curb terrorism finance because it does not have a Financial Investigative Unit (FIU). He told the delegation that the PA has no financial transparency, effective financial controls, or enforceable regulations to help it control the flow of money to terrorist groups operating in the territories. He said the PA has no will or ability to fight terrorism finance at this point.

NSC: Saudi Arabia "Bigger" Threat Than Iran

19. (C) On October 10, the National Security Council's director of Counterterrorism Finance, Udi Levi, accompanied by MFA official Khaldi, met with the Rickman staff delegation and econoff. Levi said the GOI is not optimistic about Saudi Arabia's efforts against terrorism or terrorism finance. He said the Saudi government is still one of the major supporters of terrorism around the world and that it has not curbed non-governmental organizations involved in funding terrorist groups. He said Saudi Arabia has many "mediators" who move money between private donors, charities, and terrorist groups.

110. (C) Levi said Iran is also involved in providing money to Palestinian terrorist groups. He asserted that Iran tried to funnel three million dollars through the UAE to various (unspecified) Palestinian terrorist groups in the occupied territories, but that GOI and UAE officials prevented the transfer. He said the UAE and other gulf countries are transit points for terror money and for the proliferation of weapons.

111. (C) Levi criticized European dialogue with Hamas, saying that it legitimizes the organization as a player in the political arena. He said that Hamas is a terrorist organization that works closely with Al-Qaeda and other terrorist networks. In conclusion, Levi discussed the GOI's efforts to help the PA set up an alternate social security program, designed to help the Palestinians and to undermine Hamas's system of social welfare (Ref B). The financial support slated for the PA will come from an escrow account made up of a variety of Palestinian pension accounts, and other funds paid into by Palestinian workers. The GOI will transfer money from this escrow account to the PA to help it set up a social security system in the territories. He indicated that the Prime Minister's office and Ministry of Finance are aware of this program and have given it full support.

112. (U) This cable was cleared by the staff delegation.

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JONES